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SUBJECT: BASRAH: UNITED KINGDOM HOSTS INVESTMENT CONFERENCE

REF: A. BASRAH 17
 [B](#). BASRAH 16
 [C](#). BASRAH 15
 [D](#). BASRAH 14

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1.(U) Summary. UK Secretary for International Trade and Investment Lord Peter Mandelson led a UK delegation of business heavyweights to Basrah on April 7. Over 150 top Basrawi business and political figures attended the conference, which was also attended by local US diplomatic and military officials. UK delegates reported a sense of guarded Basrawi optimism and a realistic view of business opportunities in the region. Conference organizers focused on the relative strength of the province, namely oil, gas, ports, and aviation. While good relationships were established or strengthened, now it is up to Basrah, and the GOI in general, to follow up and provide reasonable security, and a transparent business environment. End summary.

Lord Mandelson brings UK business heavyweights to Basrah

[2](#). (SBU) Over 150 Iraqi business and political figures attended this April 7 Basrah Investment Conference, which also brought together 23 UK-based companies. Several of them are household names, including Rolls Royce, Shell, BP and HSBC. According to Basrah HMG officials, UK delegates were able to establish or strengthen relationships with key business figures in Basrah, and also give Iraqi participants an idea of which sectors UK investors were particularly interested in. Basrah HMG officials told REO staff that UK delegates left with a sense of renewed optimism and a realistic view of business opportunities in Southern Iraq. Another such conference, scheduled for April 30 in London, is seen as a good follow-on effort.

All-star attendance

[3](#). (SBU) Attendees included Basrah Governor Wa'eli, most members of the incoming Provincial Council including the two reported favorites to become the next governor and/or chairman (Da'wa Party Central members Dr. Shiltagh and Dhya'a Jabar), and the Directors General of the major investment sectors, including South Oil and South Gas Companies, Iraqi Ports, and Basrah International Airport. Michael Wareing, the British Co-Chair of the Basrah Development Commission (BDC), also participated. Also in attendance were several local high-level Iraqi military officials, who provide security for the province. UK Force Commander Tom Beckett and several Basrah-based UK military officials also attended.

U.S. participation

[4](#). (SBU) USG representatives included the US Commander of MND-S, US REO Director, and Basrah PRT Team Leader. At this event, as

at other gatherings, several local business and political leaders again expressed their desire to see U.S.-based businesses, along with their expertise and capital, come to the region (ref D).

British and Basrawis pitch security, ports, aviation, oil, gas

¶5. (SBU) Lord Mandelson opened the conference by looking back at the UK's long relationship with Basrah, and looked forward to closer economic cooperation ahead. Michael Wareing, the British Co-Chair of the BDC, spoke of the UK's role in developing business in Basrah. General Mohammed, who commands Iraqi Security Forces in the Province, spoke confidently about perhaps the most important issue for any prospective investor: security. Mohammed noted the dramatic decrease in violence just in the last nine months, while acknowledging that hard work was needed to continue this trend. The speeches were followed by short presentations by the respective Directors General for ports, airport (ref B), oil and gas. Dr. Haider Ali, Chairman of the Basrah Investment Commission (which has been heavily supported by the BDC and UK) spoke about the general investment climate.

Timed to UK military exit and incoming Basrah Provincial Council

¶6. (SBU) Following the 31 March transition from UK to US military control (MND-SE to MND-S), UK officials hoped to demonstrate to Basrawis that while their military was drawing down, the UK's commitment to Basrah continued. In the run-up to the formation of the new Provincial Council (ref C), UK officials said they hoped the conference would promote the importance of international investment to economic growth in Basrah.

Guarded, yet realistic, optimism

¶7. (SBU) While HMG hosts and local participants expressed a generally guarded optimism about Basrah's future, such optimism

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at least partly reflects the mood of the city. One year after the Iraqi Army routed local militias in the Charge of the Knights Operation (ref A), there is a palpable feeling of stability. A recent PRT-commissioned poll revealed that over 80% of Basrawi businesses think that the economic environment has improved in the last year and, more significantly, that it will continue to improve over the next two years. Participants openly noted that it will take more than optimism to turn such a conference into desperately needed real investment and job creation.

Comment

¶8. (SBU) Hosting a forward-leaning investment conference is a long way from real investment, but the conference met the organizers' objective of bringing all the major economic and political players together in Basrah. The conference also demonstrated to local players that there are serious and respected UK multinational companies ready to do business in Basrah. However, now it is up to Basrah, and the GOI in general (particularly the respective line ministries, who must play a central role in approval and oversight of the majority of such investments), to follow up on the hard part, namely, reasonable security, and a transparent business environment.
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